



Unaudited Financial Statements

For the Six months ended 30 September 2018

The information contained in these statements have been extracted from the unaudited financial statements of the Company unless indicated as audited.

INCOME STATEMENT

Description	COMPANY						GROUP					
	For the Six months ended 30 September			For the Quarter ended 30 September			For the Six months ended 30 September			For the Quarter ended 30 September		
	2018	2017	% INCREASE/ (DECREASE)	2018	2017	% INCREASE/ (DECREASE)	2018	2017	% INCREASE/ (DECREASE)	2018	2017	% INCREASE/ (DECREASE)
	LKR. '000	LKR. '000	(DECREASE)	LKR. '000	LKR. '000	(DECREASE)	LKR. '000	LKR. '000	(DECREASE)	LKR. '000	LKR. '000	(DECREASE)
Turnover	575,863	689,773	(17)	312,646	318,047	(2)	998,075	1,094,607	(9)	538,874	529,376	2
Cost of Sales	(431,359)	(545,153)	(21)	(235,812)	(281,174)	(16)	(712,607)	(796,573)	(11)	(391,307)	(424,324)	(8)
Gross Profit	144,503	144,620	(0)	76,834	36,873	108	285,468	298,034	(4)	147,567	105,052	40
Other Income	11,969	3,321	260	5,916	2,066	186	3,987	3,168	26	(353)	2,126	(117)
Distribution Expenses	(81,509)	(95,668)	(15)	(40,666)	(36,231)	12	(108,102)	(128,221)	(16)	(52,181)	(51,491)	1
Administrative Expenses	(57,675)	(73,676)	(22)	(34,591)	(37,982)	(9)	(132,956)	(146,441)	(9)	(75,138)	(68,802)	9
Finance Income	18,806	25,704	(27)	9,358	13,184	(29)	18,824	14,643	29	9,368	7,693	22
Finance Cost	(22,624)	(8,953)	153	(13,235)	(4,663)	184	(32,920)	(20,108)	64	(19,491)	(10,526)	85
Profit/(Loss) before Tax	13,469	(4,653)	(389)	3,617	(26,754)	(114)	34,301	21,075	63	9,773	(15,949)	(161)
Income (Tax Expense)/ Reversal	(7,304)	(1,549)	371	(3,177)	5,967	(153)	(7,579)	(1,549)	389	(3,451)	5,967	(158)
Profit/(Loss) for the Period	6,165	(6,202)	(199)	440	(20,787)	(102)	26,722	19,526	37	6,322	(9,981)	(163)
Attributable to:												
Equity Holders of the Parent	6,165	(6,201)	(199)	440	(20,787)	(102)	25,836	18,383	41	6,068	(10,464)	(158)
Non -Controlling Interest		-			-		886	1,143	22	253	483	47
	6,165	(6,201)		440	(20,787)		26,722	19,526		6,322	(9,981)	
Basic Earnings/(Losses) per Ordinary Share - LKR	0.04	(0.04)		0.003	(0.13)		0.16	0.12		0.04	(0.06)	

Figures in brackets indicate deductions.

The information contained in these statements have been extracted from the unaudited financial statements of the Company unless indicated as audited.

STATEMENT OF COMPREHENSIVE INCOME

Description	For the Six months ended 30 September			For the Quarter ended 30 September			For the Six months ended 30 September			For the Quarter ended 30 September		
	2018	2017	% INCREASE/ (DECREASE)	2018	2017	% INCREASE/ (DECREASE)	2018	September 2017	% INCREASE/ (DECREASE)	2018	2017	% INCREASE/ (DECREASE)
	LKR. '000	LKR. '000		LKR. '000	LKR. '000		LKR. '000	LKR. '000		LKR. '000	LKR. '000	
Profit /(Loss) for the period	6,165	(6,201)	1.99	440	20,787	(102)	26,722	19,526	37	6,322	(9,981)	(163)
Other comprehensive Income												
Other comprehensive income for the period				-	-	-	-	-		-	-	
Total comprehensive income for the period	6,165	(6,201)	1.99	440	(20,787)	(102)	26,722	19,526	37	6,322	(9,981)	(163)
Attributable to:												
Equity Holders of the Parent	6,165	(6,201)	1.99	440	14,585	(97)	25,836	18,383	41	6,068	(10,464)	(158)
Non -Controlling Interest	-	-		-	-		886	1,143	22	253	483	47
	6,165	(6,201)		440	14,585		26,722	19,526		6,322	(9,981)	

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STATEMENT OF FINANCIAL POSITION

<i>As at</i>	COMPANY		GROUP	
	30 SEPTEMBER 2018 LKR. 000	31 MARCH 2018 LKR. 000 (Audited)	30 SEPTEMBER 2018 LKR. 000	31 MARCH 2018 LKR. 000 (Audited)
ASSETS				
Non-Current Assets				
Property, Plant & Equipment	897,630	891,066	1,461,047	1,471,595
Investment Property	210,795	210,795	280,917	280,917
Intangible Assets	37,927	41,215	251,055	254,343
Investment in Subsidiaries	741,701	741,701	-	-
	1,888,054	1,884,777	1,993,019	2,006,856
Current Assets				
Inventories	357,766	327,648	824,770	742,573
Trade & Other Receivables	397,744	305,914	527,872	424,717
Income Tax Receivable	1,423	1,423	1,423	1,423
Cash & Cash Equivalents	400,757	416,703	413,102	437,933
	1,157,690	1,051,688	1,767,166	1,606,646
Total Assets	3,045,744	2,936,465	3,760,185	3,613,502
EQUITY AND LIABILITIES				
Equity				
Stated Capital	1,402,102	1,402,102	1,402,102	1,402,102
Reserves	603,053	603,053	851,568	851,568
Retained Earnings	(149,704)	(155,869)	(252,904)	(278,740)
Equity attributable to Shareholders of Parent	1,855,452	1,849,287	2,000,766	1,974,930
Non Controlling Interest	-	-	14,574	13,688
Total Equity	1,855,452	1,849,287	2,015,340	1,988,618
Non-Current Liabilities				
Interest Bearing Loans and Borrowings	325,368	316,920	423,121	430,868
Retirement Benefit Liability	142,213	145,153	159,647	161,566
Deferred tax liability	78,724	71,419	93,995	88,015
	546,305	533,492	676,761	680,449
Current Liabilities				
Interest Bearing Loans and Borrowings	396,918	229,972	638,141	420,077
Trade and Other Payables	247,070	323,714	427,196	520,343
Income tax Liability	-	-	2,746	4,015
	643,987	553,686	1,068,083	944,435
Total Equity and Liabilities	3,045,744	2,936,465	3,760,185	3,613,502

Figures in brackets indicate deductions.

The information contained in these statements have been extracted from the unaudited financial statements of the Company unless indicated as audited.

I certify that these Financial Statements have been prepared in compliance with the requirements of the Companies Act No. 07 of 2007.

Sgd.
Jayamal Wickramatunga
CHIEF FINANCIAL OFFICER

Sgd.
Rajan Asirwatham
Chairman

Sgd.
Ajith Devasurendra
Deputy Chairman

08 November 2018

STATEMENT OF CHANGES IN EQUITY - COMPANY

Description	Stated Capital	Revaluation Reserve	Exchange Fluctuation Reserve	Merger Reserve	Accumulated Losses	Total Equity
	LKR. '000	LKR. '000	LKR. '000	LKR. '000	LKR. '000	LKR. '000
Balance as at 01 April 2017 (Audited)	1,402,102	508,218	(693)	-	(59,605)	1,850,021
Profit/(Loss) for the six months	-	-	-	-	(20,787)	(20,787)
Other Comprehensive Income	-	-	-	-	-	-
Balance as at 30 September 2017	1,402,102	508,218	(693)	-	(80,392)	1,829,234
Balance as at 01 April 2017 (Audited)	1,402,102	508,218	(693)	-	(59,605)	1,850,021
Profit/(Loss) for the year					(81,000)	(81,000)
Comprehensive Income		218,931	(41)		(15,264)	203,626
Effect of amalgamation				(123,362)		(123,362)
Balance as at 31 March 2018 (Audited)	1,402,102	727,148	(734)	(123,362)	(155,869)	1,849,287
Balance as at 01 April 2018	1,402,102	727,148	(734)	(123,362)	(155,869)	1,849,287
Profit/(Loss) for the six months	-	-	-	-	6,165	6,165
Comprehensive Income for the three months	-	-	-	-	-	-
Balance as at 30 September 2018	1,402,102	727,148	(734)	(123,362)	(149,704)	1,855,452

Figures in brackets indicate deductions.

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STATEMENT OF CHANGES IN EQUITY - GROUP

Description	Stated Capital	Revaluation Reserve	Exchange Fluctuation Reserve	Accumulated Losses	Total Equity	Non Controlling Interest	Total Equity
	LKR. '000	LKR. '000	LKR. '000	LKR. '000	LKR. '000	LKR. '000	LKR. '000
Balance as at 01 April 2017 (Audited)	1,402,101	508,218	(515)	(312,398)	1,597,406	3,059	1,600,465
Profit/(Loss) for the six months	-	-	-	(10,464)	(10,464)	483	(9,981)
Other Comprehensive Income	-	-	-	-	-	-	-
Balance as at 30 September 2017	1,402,101	508,218	(515)	(322,862)	1,586,942	3,542	1,590,484
Balance as at 01 April 2017 (Audited)	1,402,102	590,070	(693)	(260,579)	1,730,899	8,220	1,739,119
Profit/(Loss) for the year	-	-	-	3,328	3,328	150	3,478
Other Comprehensive Income /(loss) for the year	-	262,232	(41)	(21,489)	240,702	5,318	246,021
Balance as at 31 March 2018 (Audited)	1,402,102	852,302	(733)	(278,740)	1,974,930	13,688	1,988,618
Balance as at 01 April 2018	1,402,102	852,302	(733)	(278,740)	1,974,930	13,688	1,988,618
Profit/(Loss) for the six months	-	-	-	25,836	25,836	886	26,722
Comprehensive Income for six months	-	-	-	-	-	-	-
Balance as at 30 September 2018	1,402,102	852,302	(733)	(252,904)	2,000,766	14,574	2,015,340

Figures in brackets indicate deductions.

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CASH FLOW STATEMENT

For the six months ended 30 Sep	COMPANY		GROUP	
	2018 LKR	2017 LKR	2018 LKR	2017 LKR
Cash Flow from Operating Activities				
Net Profit/(Loss) before Tax	13,469	(4,653)	34,301	21,075
Adjustments for				
Depreciation on Property, Plant & Equipments	28,798	19,284	59,008	45,962
(Profit)/loss from disposal of Property Plant and Equipments	(4,707)	(1,095)	(4,707)	(1,095)
Amortisation of Intangible Assets	4,076	8,179	4,076	8,179
Provision for/ (Reversal of) Retirement Benefit Obligation	12,500	9,102	14,531	10,938
Interest Income	(18,806)	(25,704)	(18,806)	(14,643)
Interest Expense	22,624	8,953	32,902	20,258
Amortization of deferred Income	-	(177)	-	(177)
Provision / (Reversal of) for Bad & Doubtful Debts	-	(3,204)	-	(1,258)
Unrealized Fireign Exchange Difference	5,142	-	6,429	(3,439)
Provision/(Reversal of) for slow moving inventories	127	6,287	127	37,495
	49,755	21,625	93,561	102,220
Operating Profit /(Loss)before Changes in Working Capital	63,224	16,972	127,861	123,294
Increase/Decrease in Working Capital				
(Increase) / Decrease in Inventories	(30,246)	(11,356)	(82,324)	(44,112)
(Increase) / Decrease in Trade & Other Receivables	(87,998)	51,482	(110,527)	13,018
Increase / (Decrease) in Trade & Other Payables	(76,644)	(46,406)	(83,730)	(11,048)
	(194,887)	(6,278)	(276,581)	(42,141)
Cash Generated from Operations	(131,663)	10,694	(148,719)	81,153
Gratuity Paid	(15,440)	(6054)	(16,450)	(7,780)
Income Tax Paid		(39,464)	(5,174)	(41,667)
Net Cash Flow from Operating Activities	(147,103)	(34,824)	(170,343)	31,706
Cash Flow from Investing Activities				
Sales Proceeds / (Acquisition) of Property, Plant & Equipment	(30,654)	(17,520)	(43,751)	(27,243)
Acquisition of Intangible Assets	(788)	(3,008)	(788)	(3,008)
Net Cash Used in Investing Activities	(31,442)	(20,528)	(44,539)	(30,251)
Cash Flow from Financing Activities				
Interest Paid	(14,176)	(934)	(24,472)	(12,555)
Interest Received	14,974	17,715	14,991	17,867
Dividend paid	-	(65,021)	-	(65,021)
Receipts / (Payments) of Interest Bearing Borrowings	(8,248)	(2,730)	23,569	(35,560)
Net Cash Used in Financing Activities	(7,450)	(50,970)	14,088	(95,269)
Net Increase/(Decrease) in Cash & Cash Equivalents	(185,995)	(106,321)	(200,794)	(93,813)
Cash & Cash Equivalentents at the beginning of the year (Note A)	323,616	320,880	295,068	316,155
Cash & Cash Equivalentents at the end of the period (Note B)	137,621	214,559	94,273	222,341

Note A**Cash & Cash Equivalents at the beginning of the year**

Cash in Hand & at Bank	416,703	327,526	437,933	342,229
Bank Overdraft	(93,087)	(6,646)	(142,865)	(26,074)
	<u>323,616</u>	<u>320,880</u>	<u>295,068</u>	<u>316,155</u>

Note B**Cash & Cash Equivalents at the end of the period**

Cash in Hand & at Bank	400,757	264,904	413,102	294,999
Bank Overdraft	(263,137)	(50,345)	(318,829)	(72,658)
	<u>137,621</u>	<u>214,559</u>	<u>94,273</u>	<u>222,341</u>

Figures in brackets indicate deductions.

The information contained in these statements have been extracted from the unaudited financial statements of the Company unless indicated as audited.

EXPLANATORY NOTES

- There were no changes in the accounting policies and methods of computation since the publication of Financial Statements in the Annual Report 2018, for the twelve months ended 31 March 2018.
- These condensed Interim Financial Statements have been prepared in accordance with the Sri Lanka Accounting Standard LKAS 34 – ‘Interim Financial Reporting’.

3. Cases pending as at 30 September 2018

Defendants	No. of cases	Court	Reason
Non-Executives	3	Labour Tribunal	Termination
Non-Executive	1	Magistrate Court	Vacated post without prior notice and not clearing outstanding debtors

Outcome of the above cases which are pending as at 30 September 2018 cannot be ascertained as at the balance sheet date.

- The Stated Capital of the Company is LKR 1,402,101,647/- represented by 162,552,920 fully paid ordinary shares.

5. Information on Ordinary Shares

Description	Quarter ended 30/09/2018	Quarter ended 30/09/2018	Year ended 2017/2018 (Audited)	Year ended 2016/2017 (Audited)
Net Assets Value – LKR	11.41	13.14	11.41	11.38
Market Value per share;				
Highest – LKR	7.80	9.20	10.40	8.70
Lowest – LKR	5.90	6.10	6.10	5.30
Last Traded - LKR	6.90	8.20	6.90	6.00

6. Public shareholding as at 30 September 2018

The Company is listed on the Main Board of the Colombo Stock Exchange. Its float adjusted market capitalization is less than LKR 2.5 Billion (option 5). The Company is required to maintain a minimum public holding of 20%.

Float adjusted market capitalization	-	LKR 243,390,487/-
Number of shares	-	35,259,690
Percentage	-	21.70
Number of Shareholders	-	4,989

As at 30 September 2018, the Company was in compliance with the minimum public holding percentage.

7. Direct shareholding of Directors as at 30 September 2018 is as follows;

Mr. R N Asirwatham	-	3,000
Mr. N M Prakash	-	101,000

8. Major Shareholders as at 30 September 2018

Name of Shareholder	No. of shares	%
1. Seylan Bank PLC/Ambeon Holdings PLC (Collateral)	125,100,000	76.96
Seylan Bank PLC/Ambeon Holdings PLC (Margin)	888,380	0.55
Ambeon Holdings PLC	850	0.00
TOTAL	125,989,230	77.51
2. Kokyo Tatemono Co. Ltd	6,156,266	3.79
3. People's Leasing & Finance PLC/Mr. D M P Disanayake	1,740,000	1.07
4. Mr. K H R Thilakarathna	1,500,000	0.92
5. Mr. P G Piyasiri	1,233,342	0.76
6. D O H Investment Lanka (Pvt) Ltd	1,200,000	0.74
7. Mr. M A De Silva	563,449	0.35
8. Mr. S P Jayakumar	483,574	0.30
9. Mr. F A A Mack	400,000	0.25
10. Mr. D L B C Perera	395,289	0.24
11. People's Leasing & Finance PLC/Mr. E Thawagnasundram	380,925	0.23
12. Mr. S M Masoor	377,035	0.23
13. Seylan Bank PLC/A M Nimesha Anuruddha Abeykoon	345,000	0.21
14. Mr. J P S M B Jayasooriya	329,671	0.20
15. Mr. A K Palliya Guruge Don	298,600	0.18
16. Mr. D H D U P Ubayawansa	293,628	0.18
17. Acuity Partners (Pvt) Ltd/Mr. S N M Semasinghe	289,456	0.18
18. Mr. R E Rambukwella	287,104	0.18
19. Mr. P A J Kumara	255,000	0.16
20. Mr. M A H Kamil	250,172	0.15

9. Status of the utilization of funds raised via the Rights Issue

Objectives as per the circular to shareholders	Amount allocated as per the prospectus in LKR	Proposed date of utilization as per Prospectus	Amount allocated from proceeds in LKR (A)	% of total proceeds	Amount utilized in LKR (B)	% of utilized against allocation (B/A)	Clarification if not fully utilized including where the funds are invested
Retiring part of the borrowings	500,000,000	Immediately upon receipt of proceeds	500,000,000	69%	500,000,000	100%	N/A
To fund the modernization of the factory	222,457,424	Within 15 months from the date of receipt of the proceeds	222,457,424	31%	23,855,510	11%	Proposals have been obtained from suppliers, which are being evaluated. The funds have been invested on Fixed Deposit with Pan Asia Banking Corporation PLC
	722,457,424		722,457,424		509,712,046		

10. There have been no other events subsequent to the interim period which require disclosure in the Interim Financial Statements.

CORPORATE INFORMATION

Name of the Company	Dankotuwa Porcelain PLC
Registration Number	PQ 79
Factory & Office	Kurunegala Road Dankotuwa, Sri Lanka Tel: +94-31-5500500 Fax: +94-31-5500599 Email: info@dankotuwa.com
Registered Office	No. 10, 5 th Floor, Gothami Road Colombo 8, Sri Lanka Tel: +94-11-5700700 Fax: +94-11-2680225 Email: info@dankotuwa.com
Board of Directors	Mr. Rajan Asirwatham (Chairman) Mr. Ajith Devasurendra (Deputy Chairman) Mr. Mangala Boyagoda Mr. Sanjeev Gardiner Mr. Priyantha Maddumage Mr. Revantha Maddumage Mr. Murali Prakash Mr. Dilush Perera
Subsidiaries	Royal Fernwood Porcelain Limited Lanka Decals (Private) Limited Fernwood Lanka (Private) Limited
Showrooms	Kirulapone 194, High Level Road (Opposite Siebel Avenue) Colombo 6, Sri Lanka Tel: +94-11-5665000 Union Place 503, Union Place Colombo 2, Sri Lanka Tel: +94-11-5630000 Cinnamon Garden 47, Guildford Crescent Colombo 7, Sri Lanka Tel: +94-11-5305555 Negombo No. 389 C, Main Street Negombo Tel: +94-31-5205205 Crescat Boulevard Shop No. 20 A Crescat Boulevard Colombo 3 Tel: +94-11-5316800

EXPORT MARKETS

Australia, Austria, Belgium, Colombia, Dubai, France, Germany, Greece, Hong Kong, Ice Land, India, Italy, Japan, Jordon, Kuwait, Maldives, Norway, Oman, Peru, Philippines, Poland, Russia, Switzerland, UK, Ukrain, USA.